



Peace Corps Office of Inspector General



PC/Tanzania office in Dar es Salaam



Ruaha National Park



Flag of Tanzania

Final Audit Report: Peace Corps/Tanzania

January 2010



**Final Audit Report:
Peace Corps/Tanzania
IG-10-04-A**

A handwritten signature in blue ink, reading "Gerald P. Montoya". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Gerald P. Montoya
Assistant Inspector General for Audit

January 2010

EXECUTIVE SUMMARY

We found that Peace Corps/Tanzania's financial and administrative operations and its compliance with agency policies and federal regulations required improvement. We noted deficiencies in three of the five internal control standards of the Government Accountability Office: standards requiring a control environment, control activities, and effective monitoring. The internal control deficiencies occurred in large part because of inadequate oversight by senior post management and was an underlying cause for many findings in the report.

It should be noted that between July and October 2008, the post functioned with temporary duty (TDY) country directors and between July and November 2008, with TDY administrative officers. Many of the deficiencies noted occurred during the TDY periods. Some of the more important findings are summarized below.

File Management

Some files were disorganized, and some post records and documents were missing or inadequate. Missing or inadequate files included property acquisitions, vehicle maintenance and vehicle usage, and property and personal services contracts. Also, the post could not provide documentation that procurements were competitively awarded.

Imprest Fund Management

Contrary to agency policy, the alternate cashier performed an imprest fund verification. The cashier did not change the combination to the safe at least annually. In addition, the cashier kept Tanzanian shillings loose in the safe rather than in a locked box.

Volunteer Allowances

The post did not conduct settling in allowance surveys and related independent price surveys and use the results to evaluate the allowance's adequacy. Though the post conducted three living allowance surveys in 2008, all contained deficiencies. Further, the post did not have documentation authorizing bimonthly Volunteer living allowance payments, nor memoranda of agreement with the banks handling Volunteer allowances.

Billings and Collections

Staff members did not promptly identify official versus personal charges on the phone bill. In addition, the billings officer did not bill the personal charges timely, and once billed, staff did not their bills promptly. Prior administrative officers did not consistently review the bills of collection log and diligently monitor the status of billings. In addition, descriptions on bills of collection were not always clear.

Obligations and Liquidations

The post's status of obligations report included items from FY 2008 that may not be needed, thus tying up funds which could be used for other purposes.

Property Management

The same staff member maintained the property database and performed the physical inventory. Further, the property inventory listing contained discrepancies. Additionally, several items were not in operating condition but not noted as such in the inventory records.

Vehicle Management

Since June 2008, the vehicle usage logs were not reviewed, initialed, and dated. Reviews prior to that date were inconsistently performed. In addition, monthly bills for fuel purchases were not compared with the related receipts and entries in the vehicle usage logs. Further, the post's vehicle maintenance files were incomplete, and there was inadequate documentation on the sale of agency vehicles using an outside auction service.

Travel Management

Some staff did not always submit their travel vouchers within five days of a trip's completion. Furthermore, staff did not sign their international travel authorizations. Also, the Volunteer and staff per diems require review.

Personnel Management

Staff did not always submit their timesheets promptly. The timesheets did not reflect actual hours worked and were sometimes incorrectly completed. In addition, the official time and attendance records were not reviewed periodically by post management and did not always reflect the information on the timesheets. Further, there was no compensatory time authorization form to officially authorize the use of compensatory time leave.

Procurement

Regional director approval for three residential leases with annual rent over \$20,000 were not in the lease files. Also missing from the files were the chief of mission's authorization for paying one residential lease in U.S. dollars. Finally, personal services contractors signed procurement contracts contrary to federal and agency policy.

Medical Supplies

One of the two Peace Corps Medical Officers (PCMOs) maintained the medical supplies database and also performed the inventory verification. Furthermore, the post had not implemented the new requirement for complete quarterly inventories. Also, we found quantity and expiration date differences between the database and the actual medical supplies on hand.

The Post Staffing section includes comments from post staff and Volunteers interviewed. Our report contains 56 recommendations which if implemented should strengthen internal controls and correct the deficiencies detailed in the accompanying report.

Table of Contents

EXECUTIVE SUMMARY	I
INTRODUCTION.....	1
AUDIT RESULTS	1
A. OVERALL ASSESSMENT OF INTERNAL CONTROL.....	2
B. FILE MANAGEMENT.....	3
C. IMPREST FUND MANAGEMENT	4
D. VOLUNTEER ALLOWANCES	9
E. BILLINGS AND COLLECTIONS.....	14
F. OBLIGATIONS AND LIQUIDATIONS	16
G. PROPERTY MANAGEMENT.....	17
H. VEHICLES MANAGEMENT.....	20
I. TRAVEL MANAGEMENT	22
J. PERSONNEL MANAGEMENT	24
K. PROCUREMENT.....	26
L. PURCHASE CARD.....	28
M. MEDICAL SUPPLIES	28
QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE	31
POST STAFFING	32
LIST OF RECOMMENDATIONS.....	33
APPENDIX A: OBJECTIVE, SCOPE, AND METHODOLOGY	
APPENDIX B: MANAGEMENT’S RESPONSE	
APPENDIX C: OIG COMMENTS	
APPENDIX D: AUDIT COMPLETION AND OIG CONTACT	

INTRODUCTION

The Office of Inspector General conducted an audit of Peace Corps/Tanzania February 9 – March 13, 2009. We previously performed an audit of the post in October 2002 (IG-02-27-AE).

The Peace Corps commenced its program in Tanzania in 1962. Since then, more than 2,100 Volunteers have served there. The program was closed in 1969 and reestablished ten years later. Also, post activities were suspended in 1991 and resumed later that same year. At the time of our audit, 134 Volunteers were engaged in three project areas: education, environment, and health. The country director arrived at the post in October 2008, and the administrative officer arrived in November 2008.

Our overall objective in auditing overseas posts is to determine whether the financial and administrative operations were functioning effectively and complied with Peace Corps policies and federal regulations during the period under audit. Appendix A provides a full description of our audit objective, scope, and methodology.

AUDIT RESULTS

We found that Peace Corps/Tanzania's financial and administrative operations were not functioning effectively and did not fully comply with agency policies and federal regulations.

For example, we found that the post did not:

- Maintain an adequate system of internal control.
- Keep complete and organized files.
- Change the imprest fund safe's combination at least annually.
- Review the adequacy of the Volunteer settling-in allowance, conduct proper living allowance surveys, and pay the Volunteers timely.
- Bill and collect promptly for staff's personal use of post phones.
- Segregate database management and inventory verification responsibilities for post property and medical supplies.
- Perform weekly reviews of the vehicle usage logs.
- Submit travel vouchers timely and sign international travel authorizations.
- Properly complete timesheets and review the official time and attendance records.
- Ensure that only post staff delegated specific procurement authority execute procurement contracts.

Since their arrival at the post, the country director and the administrative officer have taken action to address the deficiencies. However, additional corrective actions are required.

A. OVERALL ASSESSMENT OF INTERNAL CONTROL

1. Internal control at the post was deficient.

“Standards for Internal Control in the Federal Government” issued by the Government Accountability Office (hereafter, GAO Standards) stipulates five standards which “define the minimum level of quality acceptable for internal control in government....These standards apply to all aspects of an agency’s operations: programmatic, financial, and compliance.”

Peace Corps Manual (PCM) section 784.3.0 reinforces the GAO requirement for adequate and effective internal control, as follows:

Internal control should be an integral part of the entire cycle of planning, budgeting, management, accounting and program execution. Internal control applies to program, operational and administrative areas as well as accounting and financial management. Monitoring the effectiveness of internal control should occur in the normal course of business.

We found weaknesses in compliance with three of the five control standards:

- Control environment, which requires “a positive and supportive attitude toward internal control and conscientious management.”
- Control activities, which are “the policies, procedures, techniques, and mechanisms that enforce management’s directives.... They include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records,...physical control over vulnerable assets, and segregation of duties....”
- Monitoring, which states that “ongoing monitoring occurs in the course of normal operations. It includes regular management and supervisory activities....”

The post’s non-compliance with the above internal control standards was an underlying cause for many findings in this report.

The internal control weaknesses occurred in large part because of ineffective management oversight. Between July and October 2008, the post functioned with temporary duty (TDY) country directors and between July and November 2008, with TDY administrative officers. Many of the deficiencies noted occurred during the TDY periods.

Adequate internal control, according to the GAO Standards, “serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud.” Having strong internal controls in place, including implementing proactive supervision and oversight, would strengthen post operations.

We recommend:

- A.1.1 That the country director strengthen the post’s internal control environment, activities, and monitoring in a manner that will safeguard assets and prevent and detect waste, fraud, and abuse.
- A.1.2 That the country director describe the actions taken to achieve the control standards described in A.1. in a report to the regional director and the agency’s chief compliance officer.

B. FILE MANAGEMENT

1. Some post files were disorganized, and some records and documents were missing or inadequate.

The GAO Standards state: “All documents and records should be properly maintained.”

PCM section 892.4.1 defines adequate and proper documentation as “a record of Agency business that is complete and accurate to the extent required to document the organization, functions, policies, decisions, procedures, and essential transactions of the Agency.” PCM section 892.6.2 states that “Peace Corps records shall be complete in order to facilitate action by an incumbent and his/her successor....”

The above policies are reinforced by Overseas Financial Management Handbook (OFMH) section 22.1, which requires that the post “provide a complete record of administrative management transactions, policies and practices, to facilitate audit, ensure effective management and provide for compliance with agency and federal regulations.”

Some post files were disorganized, and some post records and documents were either missing or inadequate. For example:

- The post was unable to locate its property acquisition files and documentation that procurements were competitively awarded. The administrative officer, who arrived in November 2008, had not seen the files and the documentation, and other staff members did not know if they existed.

- The vehicle maintenance files did not contain documentation supporting all outside servicing of the vehicles. Further, while there were notations in the vehicle usage logs of maintenance performed in-house by the post's drivers/mechanics, such maintenance was not documented in the vehicle maintenance files, including the manufacturers' preventive maintenance procedures.
- The travel binders were disorganized, with some travel vouchers and travel authorizations misfiled or out of sequence.
- The personal services contract (PSC) and lease files contained misfiled, out of sequence, and loose documents. For example, a bank letter relating to one staff member was found loose in another staff member's file and a performance appraisal was misfiled.
- The contract for one PCMO and the Office of Medical Services' approval for the contracts of both PCMOs were not on file.

Complete files and proper file management are particularly important given the turnover of U.S. direct hire employees due to the limited time for employment specified in the Peace Corps Act. The absence or inadequacy of important files and documents impeded the ability of the new country director and administrative officer to manage effectively and limited our ability to examine all critical records and documents within the period of the audit scope.

Improved file organization would make it easier to verify that important records and documents exist and are accessible as well as to assist post management in determining that the files are complete.

We recommend:

- B.1.1 That the post establish a file management system which ensures that key records and documents exist and are controlled.

C. IMPREST FUND MANAGEMENT

1. The cashier did not change the combination to the imprest fund safe at least annually.

PCM section 760.5.2 states: "The combination [to the imprest fund safe] should be changed at least annually, whenever there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier."

The cashier informed us that she had not changed the combination since she was hired in November 2007. She further told us that she was not trained on how to do it.

Changing the safe combination as required reflects the cashier's responsibility for safeguarding the imprest fund and her personal accountability for its contents.

We recommend:

- C.1.1 That the cashier be trained so that she may change the imprest fund safe combination.
- C.1.2 That the cashier change the imprest fund safe combination annually, when there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

2. *The cashier kept the imprest fund's local currency loose in the safe.*

OFMH section 13.1 states: "Dollars and local currency must be kept in separate cash boxes that are locked when not in use, accounted for separately, and may not be intermingled."

While the imprest fund's U.S. dollars were kept in a locked cash box in the safe, local currency was kept loose in the top safe drawer. The cashier told us that she did not realize that locked boxes were also required for local currency and that the local currency funds were too voluminous to fit into a single locked box.

Maintaining currency in locked boxes reinforces the security of one of the post's high risk assets.

We recommend:

- C.2.1 That the post use locked boxes to hold its currency in the imprest fund safe.

3. *Staff did not clear their interim advances in a timely manner.*

OFMH section 13.18.2 requires that interim cash advances be "liquidated (accounted for) within three (3) working days."

During our imprest fund review, we noted two interim advances during the period under audit review which were outstanding for 14 and 7 working days. Our review of cash

reconciliations for the period under audit indicated that the timely clearing of interim advances was a recurring issue in the past. Further, this was not identified as a problem by the cashier verifying officers.

Clearing interim advances in a timely manner ensures a prompt return of unused funds and accounting for funds used.

We recommend:

- C.3.1 That the country director enforce the requirement to clear interim advances within three working days.
- C.3.2 That the verifying officer report uncleared interim advances on the “checklist for verifying officer” form.

4. Staff members receiving interim advances were not authorized to do so.

PCM section 760.13.3 states: “Interim advances, which should be tightly controlled, may be made by the cashier to staff who have been authorized by the country director or his/her designee to receive cash from the cashier to make cash purchases.”

In addition, OFMH section 13.18.2 states: “If a staff member is an occasional money holder, this requirement must be included in the statement of work.”

Also, U.S. Treasury Department policy as implemented by the Department of State (4FAH-3 H-392) states that “Contractors may not be occasional money holders. The occasional money holder is an accountable officer.”

The post did not have documentation by the country director authorizing designated individuals to receive interim advances. Further, some personal services contractors (PSCs) receiving interim advances did not have this included in their statements of work. In one case, the PSC’s statement of work had a limitation on the interim advances to post office transactions, but the PSC also received advances for other payments.

We were informed that the Office of General Counsel is in the process of developing guidance in this area. Accordingly, no recommendation is being made pending the clarification and updating of Peace Corps policy.

5. An unauthorized staff member performed a monthly cash verification.

PCM section 760.7.1 (f) states: “Alternate cashiers may not perform imprest verifications due to internal control issues.”

The financial assistant, who is the alternate cashier, performed the January 2009 imprest fund verification.

Effective internal control requires that the alternate cashier not have imprest fund verification responsibilities.

We recommend:

C.5.1 That the alternate cashier not perform imprest fund verifications.

6. *The cashier did not always stamp receipts “paid” to prevent reuse.*

OFMH section 13.14 requires a “paid” stamp on each receipt, to avoid duplicate payment.

While receipts were, for the most part, stamped “paid,” we noted several that were not. Stamping receipts “paid” ensures that they are processed only once and not inadvertently reused.

We recommend:

C.6.1 That the cashier stamp all processed receipts “paid” to prevent their reuse.

7. *The post has not reconciled the bank statements for its new accounts.*

OFMH section 5.4.2 states:

The person receiving the bank statement is to reconcile it against the Cash receipts/disbursements journal to verify the checking account is in balance.

OFMH section 5.4.3 requires that the administrative officer review the bank statements on a monthly basis, as part of the imprest fund reconciliation.

However, as of March 13, 2009, the last day of our visit, the post had not received the bank statements and thus, the financial assistant had not reconciled them and the administrative officer had not reviewed them.

In January 2009, the post began using electronic funds transfer (EFT) zero balance accounts for imprest fund replenishments and Volunteer allowances. The financial

assistant showed us a letter that the post had sent to the bank requesting monthly statements.

Reconciliation and review are important in order to verify that the transactions on the statements agree with the post's supporting records.

We recommend:

- C.7.1 That the financial assistant reconcile the monthly bank statements for the new EFT accounts for imprest fund replenishments and Volunteer allowances and that the administrative officer review the bank reconciliation and follow up outstanding or unusual items.

8. *The post's imprest fund accountability has not been reassessed following the change to EFT replenishment.*

OFMH section 13.8 states: "Maximum authorized accountability is the amount required to support normal operations, as authorized by the USDO [U.S. Disbursing Officer]."

This is reinforced by OFMH section 13.1: "To minimize the risk of loss of imprest funds to the U.S. government and the cashier, the amount of money on hand in the fund is limited to the lowest reasonable amount necessary to conduct anticipated transactions."

The post's imprest fund accountability at the time of the audit was \$45,000. This amount was in line with the post's most recent imprest fund analysis for the six months ending December 31, 2008. Beginning January 2009, the post has received imprest fund replenishments by EFT instead of by check. EFT transfers should speed the process of replenishment and might permit a reduction in the cashier's imprest fund accountability.

Maintaining the lowest required imprest fund accountability recognizes the vulnerability of the post's most liquid asset and the personal accountability of the cashier for the amount.

We recommend:

- C.8.1 That the post conduct an imprest fund analysis for the period beginning January 1, 2009, and determine if a reduction in the imprest fund accountability is possible given that replenishments are now made by electronic funds transfer.

D. VOLUNTEER ALLOWANCES

1. The post did not conduct settling-in allowance surveys and use the results to evaluate the allowance's adequacy.

At the conclusion of pre-service training (PST), newly sworn-in Volunteers are given a settling-in allowance to provide for their needs when arriving at their sites. PCM section 221.3.1 states that the allowance is for the purchase of “necessary housing supplies and equipment.”

To verify that the allowance is appropriate, PCM section 221.4.2 requires that the post conduct Volunteer settling-in surveys and related independent price surveys.

The post did not conduct settling-in surveys for the Volunteer groups that swore in during the 16-month period under audit. The post distributed the forms to the new Volunteers but not for survey purposes. The responses were not compiled, the results were not analyzed, and independent surveys were not performed.

Volunteers rely upon the post to provide them with adequate allowances, which are mandated by Section 2504 of the Peace Corps Act. Settling-in allowance surveys, properly conducted, help ensure that the allowance amounts provided to Volunteers are adequate.

We recommend:

D.1.1 That the post conduct settling-in allowance surveys as required by agency policy.

2. The January 2008 market basket survey was not conducted in locations where Volunteers reside, and the September 2008 market basket survey was not conducted.

PCM section 221.5.7.2 states: “To verify living allowance survey submissions, a market basket survey shall be conducted by staff.”

PCM section 221.5.7.2 states: “The market basket survey is to be used as a guide to validate the cost data on the living allowance survey submissions.” The policy also states: “If there are locality supplements being paid to some Volunteers, it is recommended that a separate market basket survey be conducted in each locality.”

Further, PCM section 221.5.7.3 states: “Increases or decreases to the base living allowance must be based on the findings of the Volunteer living allowance survey, as supported by the market basket survey.”

For the January 2008 living allowance survey, the post conducted the market basket survey in Zanzibar and Moshi, where locality supplements were being paid. However, these locations were not representative of where the majority of Volunteers live. As a result, the market basket survey results could not be used to verify the results of the Volunteer living allowance survey.

For the September 2008 living allowance survey, the post did not conduct a related market basket survey to verify the results of the Volunteer survey.

Properly conducted market basket surveys, which provide an independent verification of costs, are an important element in a post's determination of the adequacy of the Volunteer living allowance.

We recommend:

D.2.1 That the post conduct market basket surveys and use them in evaluating the results of the Volunteer living allowance surveys and determine whether the allowance is adequate to support Volunteer living needs.

D.2.2 That the post conduct its market basket surveys in locations which are representative of where Volunteers live.

3. *The post misinterpreted the 75% response rate policy for living allowance increases.*

PCM section 221.4.2 states: "All increases over 10% per fiscal year shall be approved by the Regional Director....A survey response rate of a minimum of 75% is required to support an increase greater than 10%."

The post achieved a 65% Volunteer response rate for the January 2008 living allowance survey and a 68% response rate for the September 2008 survey. In both cases, the post's compilations showed that increases were warranted. The Volunteer survey results, coupled with a proper market basket survey, could have been used to support a living allowance increase up to 10% in accordance with agency policy.

However, the post misunderstood that a 75% response rate was required to support any increase. Further, the post communicated the misinterpretation to Volunteers. This was evidenced in an excerpt from the "Quarterly VAC [Volunteer Advisory Committee] Newsletter" dated October 2008: "In order to make a long-term living allowance increase, a survey must be conducted and 75% of all PCVs must respond in order for the survey to be considered valid (worldwide regulation)."

The post issued another living allowance survey in December 2008. According to the “Newsletter of Peace Corps/Tanzania” dated January 2009, this additional survey was issued because “we were so close in getting the required 75% response rate.”

Correctly applying and communicating agency living allowance regulations are essential in providing an adequate allowance to Volunteers.

We recommend:

D.3.1 That, in the future, the post correctly apply the 75% response rate policy for living allowances increases.

4. *The post’s December 2008 living allowance survey did not request the required information.*

PCM 221.5.7.1 states: “The [living allowance] survey data should represent costs in a typical month and include item name, quantity, unit, and cost.”

The post requested Volunteers to complete a condensed living allowance survey in December 2008. However, this one-page survey did not meet agency requirements in that it asked for only totals of the major categories comprising the allowance and not quantity and cost detail. Given the questions regarding the appropriateness and amounts of certain expenditures in some Volunteer submissions, as discussed in D.6, such detail would be important to support an increase.

We recommend:

D.4.1 That the post’s living allowance surveys request the detail required by agency policy in order for the surveys to be valid.

5. *The post included in its living allowance compilation some items and amounts that require additional review.*

PCM section 221.5.1 states: “It is Peace Corps' policy that Volunteers live modestly by the standards of the people they serve, yet not in a manner that would endanger their health or safety.”

In addition, PCM section 221.5.4 (a) states: “The Peace Corps does not normally encourage the use of, or pay the cost of, guard services for Volunteer residences or property.”

We noted some items and amounts in the Volunteer submissions for the September 2008 living allowance survey that require additional review by the new post management team. The survey form contained a section called “Domestic help.” The survey instructions provided to Volunteers stated: “...when it is both local custom and a necessity to employ domestic help, the Country Director may include an amount in the Living Allowance for such help. Specify laundress, cook, water supplier, guard, etc.”

We noted in living allowance survey responses that Volunteers employed local individuals to provide cleaning, cooking, gardening and, in one case, guard services. One survey indicated a “guard dog” and included the cost of the dog’s food in the survey. Some Volunteers stated that their counterparts employed domestic help and therefore, they did not feel that their employing domestic help was inappropriate. We noted amounts for “domestic help” comprising up to 22.5% of the total monthly living allowance. In addition, the survey contained a line item “beer.” Volunteers indicated costs for beer comprising up to 22.5% of the total monthly living allowance.

Since these items comprised, in some cases, a significant portion of the Volunteer living allowance, a review is warranted to ensure that the living allowance is determined appropriately.

The above items were included in the post’s compilation of the living allowance surveys.

We recommend:

- D.5.1 That the country director, in consultation with the region, review the components of the post’s living allowance survey and determine their appropriateness.

6. The post has not sufficiently analyzed if the Volunteer living allowance requires additional stratification.

PCM section 221.5.1 states: “Living allowances should be based upon local living standards and costs and will thus vary among, and sometimes within, countries.”

Our review of the September 2008 living allowance survey results indicated that different program sectors may have different living allowance needs. For example, we noted that there were different levels of support provided by their organizations and communities.

In addition, there were indications that Volunteers living in more populated areas required a greater living allowance than those living in villages.

The post should stratify the Volunteer living allowance if warranted for such variations.

We recommend:

- D.6.1 That, in the future, the post review its Volunteer living allowance survey results by program sector and size of community to determine if the living allowance should be stratified for these situations.

7. *The post did not have on file authorization to pay living allowances bimonthly.*

PCM section 221.5.5 states: “The living allowance shall be paid on a monthly basis unless an exception to this policy is approved in advance by the Chief Financial Officer (CFO) in consultation with the Region. The exception waiver is given on an annual basis and must be renewed annually, with a new request from the Country Director.”

The post distributed living allowances to Volunteers bimonthly for at least the last two years. However, it did not have on file the required exception waiver.

Approval by Peace Corps/Headquarters ensures that there is agreement with the post’s determination to use other than a monthly living allowance distribution.

We recommend:

- D.7.1 That the post pay its Volunteer living allowances monthly or obtain an exception waiver from the Chief Financial Officer.

8. *The post did not have regional director approval for the emergency 10% living allowance increase.*

PCM section 221.5.7.5, entitled “Temporary Increases,” states: “In an emergency situation, the Country Director, with concurrence from the Regional Director, may authorize a temporary increase in the living allowance.”

The policy further states: “An emergency situation is characterized by a rapid decline in the purchasing power of the local currency caused by such situations as...an extraordinarily rapid rise in inflation, which adversely affects the health and safety of the Volunteers.”

The acting country director authorized a temporary 10% increase in the October – November 2008 living allowance. However, documentation of regional director approval was not located, and we were unable to verify that approval was received.

Obtaining regional director approval and documenting it in the files ensure that the post has considered all relevant issues and that a record of the determination exists.

We recommend:

- D.8.1 That the post obtain and document regional director approval prior to providing temporary Volunteer living allowance increases.

9. *The post did not have memoranda of agreements with the banks handling Volunteer allowances.*

PCM section 221.6.1 requires posts to execute memoranda of agreement (MOAs) with the banks handling Volunteer living allowances, in the form specified by Attachment D to the policy.

The post could not provide us with the MOAs. The administrative officer told us that he intended to request MOAs from the banks.

The MOA clarifies the requirements and responsibilities of the bank in its relationship with the Peace Corps and helps the post makes certain that it is obtaining all the services agreed upon.

We recommend:

- D.9.1 That the post execute memoranda of agreements with the banks handling Volunteer living allowances.

E. BILLINGS AND COLLECTIONS

1. *The post did not always bill and collect promptly for personal phone calls.*

PCM section 777.16.4 states: “An employee indebtedness should be settled promptly.” This is clarified by OFMH section 7.3, which states: “Payment is required within 30 days of the receipt of the billing document (issued by the Billing Officer).”

Further, PCM section 777.15.1 states: “Aggressive action, on a timely basis with effective follow-up, shall be taken by the appropriate office heads or field officials to collect all claims....”

The post did not always bill and collect timely for personal phone calls by staff on post-issued cell phones. For example, the bill of collection for telephone charges incurred in February 2008 were billed on May 30, 2008 and collected on February 12, 2009. See the table below for this and other examples.

Period of Phone Usage	Amount in Tanzania shillings	Amount in U.S. dollar equivalents*	Date Billed per Bill of Collection	Date Collected
Apr – Sep 2008	193,636	143.43	1/12/09	1/23/09
June 2008	95,790	70.96	12/31/08	2/9/09
August 2008	276,867	205.09	11/7/08	1/14/09
Feb 2008	75,698	56.07	5/30/08	2/12/09
Sep – Oct 2007	157,715	116.83	1/28/08	3/7/08

* \$1 = approximately 1350 Tanzania shillings at the audit date.

The administrative officer told us that some delays were due to staff members’ not promptly identifying their personal charges on the phone bills and that other delays were due to a lack of ongoing follow-up by the billings officer. This was compounded by ineffective prior management oversight. A large number of outstanding billings were collected after the November 2008 arrival of the present administrative officer

Timely billing and collection, and effective oversight, are essential to the management of post assets.

We recommend:

- E.1.1 That the post bill staff for personal phone charges within a timely period after receipt of the phone bills and diligently pursue delinquent collections.

2. The country director had not set a minimum billable amount for personal phone charges.

OFMH section 7.1.1 states that “...agency policy authorizes CDs to establish written, post-specific policy, applicable to all staff (including FP, FSN, and PSCs) which sets a threshold for billing based on a consideration of the costs incurred in the billing and collection process - i.e., is it cost effective to bill for an amount of less than ‘x’”.

The post billed staff for personal cell phone calls regardless of the amount of the calls. We noted billings under the U.S. dollar equivalent of \$3. From a cost/benefit standpoint, billing in small amounts costs the agency more to process than the amount collected and is an inefficient use of resources.

We recommend:

- E.2.1 That the country director establish a minimum cost-effective amount for billing for personal calls made by staff on post phones.

3. *Bill of collection descriptions were not always clear.*

OFMH section 7.2.1 provides a listing of the billing procedures including the accurate preparation of the bill of collection. An underlying requirement is that the description of the billing be sufficiently clear to be understood by the debtor and by others who use the log and who follow up deficient collections.

A description on the BOC shown “fuel reimbursement,” should have been described as a billing for kilometers used for the authorized personal usage of Peace Corps vehicles. Further, a billing to a Volunteer for grant funds not used was presented as “overpayment refund,” which did not clearly describe the nature of the billing.

Clear and precise descriptions help provide assurance that bills of collection accurately reflect the correct items and amounts. Proper descriptions also ensure clarity in the billing records and facilitate managerial review and identification of questionable items.

We recommend:

- E.3.1 That the billings officer clearly state the nature of the billings on the bills of collections.

F. OBLIGATIONS AND LIQUIDATIONS

1. *The post’s status of obligations report included items from fiscal year 2008 that may no longer be needed*

PCM section 753.8.3 states: “Normally, obligations outstanding at the end of a fiscal year should be settled within a relatively short period after September 30 and final adjustments made.” In addition, PCM section 753.8.2 states: “Unliquidated (outstanding) obligations should be reviewed at least quarterly....”

The post’s status of obligations report included a large number of open items for fiscal year 2008. This situation occurred because obligations were not reviewed in a timely manner to verify that they were still valid. The administrative officer told us that he was in the process of reviewing these items and deobligating those no longer needed.

Timely review and adjustment of open items ensure that the post's records reflect only valid obligations and that post funds are available for current needs.

We recommend:

- F.1.1 That the administrative officer complete the review of the 2008 status of obligations report and deobligate items that are no longer required.
- F.1.2 That the administrative officer, in conjunction with the financial assistant, review the outstanding obligations at least quarterly and deobligate those no longer required.

G. PROPERTY MANAGEMENT

1. The same staff member maintained the property inventory database and performed the inventory verification.

The GAO Standards state: "Key duties or responsibilities need to be divided or segregated among different people...No one individual should control all key aspects of a transaction or event."

The general services assistant (GSA) maintained the property inventory database and also conducted the physical inventory verification.

Segregation of duties provides a critical internal control to minimize the risk of fraud, waste, abuse, or mismanagement.

We recommend:

- G.1.1 That the post segregate the responsibilities for database management and physical inventory-taking.

2. The post's property inventory listing contained discrepancies.

PCM section 511.5.5 requires that the post "ensure that all changes [to its inventory] have been entered in the property management database."

The post's property inventory listing included a number of discrepancies, principally relating to computer equipment, as follows:

- A laser-jet printer listed as being in the IT office was with the training manager.
- A monitor listed as being in the TDY area was in the IT office.
- A printer in the general services office and a laptop computer in the IT office were not on the listing. According to the IT specialist, the items were not in operating condition and were awaiting disposal.
- A laptop computer listed as being in the IT office was out on repair.
- A laptop computer's tag number was not included on the inventory listing.
- A paper cutter with tag number 256502 was listed as tag number 256588.

The GSA told us that several of the above items were not discrepancies at the time of the last physical inventory in November – December 2008 and that she did not know how the discrepancies had occurred.

An accurate property inventory listing is an important element in controlling post assets.

We recommend:

- G.2.1 That the post conduct a physical inventory of all computer equipment and ensure that the inventory database reflects the current status, location, and condition of the equipment.

3. *Several items of non-operating equipment were not identified as such on the inventory listing.*

PCM section 511.8.0 states: “Worn out or excess property must be disposed of in a timely fashion.”

As noted in G.2, several items of equipment on the inventory listing were not in operating condition.

The administrative officer told us that he would review the items' usability and, in conjunction with the country director, take action accordingly.

We recommend:

- G.3.1 That the post dispose of the non-operating items in accordance with agency policy and remove them from the inventory records.

4. The property officer did not verify that property changes were posted to the property records.

PCM section 511.5.5 states: “Before beginning inventory, the Property Officer should check the property management records against written documentation of property/equipment changes to ensure that all changes have been entered in the property management database.”

The GSA, who maintained the property inventory database and also performed the physical inventory, told us that she did not compare the inventory records against documentation of additions and disposals to make certain that all changes had been recorded. As noted in B.1, the post did not maintain property acquisition files.

Comparing the inventory records against documentation of changes is an important component in verifying that the database is complete.

We recommend:

- G.4.1 That prior to beginning the physical inventory, the property officer compare the property inventory database against written documentation of changes and verify that all changes have been recorded.

5. The post did not issue custody receipts for its property held in employee residences.

PCM section 511.6.2.2 requires that custody receipts be issued when releasing non-expendable property to staff for use away from the Peace Corps office.

The post did not issue custody receipts for furniture and equipment maintained in the residences of the U.S. direct hire staff. The administrative officer told us that he intended to issue these and place them in the administrative files.

Custody receipts are important to document the staff’s possession of agency property and their accountability to maintain and return it.

- G.5.1 That the post issue custody receipts for property held in the residences of the U.S. direct hire staff and place the custody receipts in the administrative files.

H. VEHICLES MANAGEMENT

1. Required personnel did not review, initial, and date the vehicle usage logs weekly.

PCM section 527.5.4 requires that the administrative officer, the staff member responsible for initiating vehicle repairs or maintaining the vehicle records, and the staff member responsible for billing authorized non-official vehicle use review, initial, and date the vehicle usage logs weekly.

We found that no documented reviews of the vehicle usage logs had been performed since June 2008. Further, reviews prior to that date were inconsistent and incomplete. For example, the country director initialed and dated the vehicle logs on a weekly basis beginning April 16, 2008 until June 4, 2008. However, the country director initialed and dated earlier logs with the same April 16, 2008 date, raising questions about the timeliness of the reviews. The administrative officer initialed, but did not date, the logs until June 4, 2008. The other required persons did not review the logs for the period under audit.

Timely review of the vehicle usage logs is important to monitor that the post's vehicles are being used appropriately.

We recommend:

- H.1.1 That all required staff members review, initial, and date the vehicle usage logs weekly.

2. The post did not reconcile billings for fuel purchases.

The GAO Standards require that control activities be established within an organization in order to, in part, provide “accountability for stewardship of government resources.” Further: “Control activities include a wide range of diverse activities such as...verifications, reconciliations....as well as appropriate documentation.”

OFMH section 66.4.2 states: “Check the following points before submitting vouchers for certification and processing:...Is backup documentation sufficient to justify the payment?”

The post used a credit account to buy fuel for the post's vehicles. A driver leaving on a trip or needing to purchase fuel in the capital was given a charge card for that purpose. The driver was required to obtain a receipt and record the purchase in the vehicle usage log.

However, the monthly bills were not compared with the related receipts and vehicle usage log entries to verify that the amounts billed were accurate and for official use only.

A review of supporting documentation is an essential verification procedure prior to payment.

We recommend:

- H.2.1 That the post reconcile the monthly billings for vehicle fuel purchases with purchase receipts and entries in the vehicle usage logs.

3. The post's handling of its auctions of post vehicles was deficient.

PCM section 511.8.3 states:

In countries where commercial auction services are prevalent, arrangements may be made through these services for sale of excess property. However, this is not a preferred method for disposing of Peace Corps personal property.

The above policy requires that the post “determine that the maximum returns can be obtained through commercial auction services before proceeding with this method.”

In addition, PCM section 527.5.6 states: “The Agency’s Vehicle Fleet Management Guide [hereafter, the Guide] sets out in-depth the procedures and requirements for use of the Agency’s vehicle fleet. The Guide includes, for example: “...(f) Vehicle Disposal Procedures.”

The post used a commercial auction service to dispose of its vehicles. However, there was no documentation on file that the post considered other methods for disposing of the vehicles. Further, there was no documentation on file of the vehicle disposal procedures, if any, performed by the post prior to and at the time of the auction to ensure that it was conducted appropriately and that the Peace Corps received the maximum amount for its vehicles. Current management was not at the post when the auctions took place and were unable to provide us with details lacking in the documentation on hand.

It is essential that the post perform and clearly and completely document its auction determinations, controls, and procedures to maximize the returns to the Peace Corps and to minimize the opportunity for, and detect and prevent, waste, fraud, and abuse during the auction process.

We recommend:

- H.3.1 That the post determine and clearly document why a commercial auction service is to be used for the sale of property.
- H.3.2 That the post determine and document that the maximum returns can be obtained through a commercial auction service before proceeding with this method.
- H.3.3 That the post follow the procedures and requirements for vehicle disposals as set out in the Vehicle Fleet Management Guide and clearly and completely document compliance.

I. TRAVEL MANAGEMENT

1. *Staff did not always submit their travel vouchers within five days of a trip's completion.*

PCM section 812.18.10 states that travel vouchers “must be completed and submitted within five working days after completion of travel.”

The six travel vouchers we selected for review were all signed by the traveler later than five working days after the travel completion date.

Prompt submission of travel vouchers permits their timely processing, clearing of any cash advances, and reimbursement to the travelers.

We recommend:

- I.1.1 That the administrative officer enforce the five working day submission requirement for travel vouchers and monitor the staff's compliance.

2. *Travelers did not sign their international travel authorizations.*

The travel authorization, according to PCM section 812.18.1.1, “constitutes the legal basis for performing official travel and incurring related expenses.”

Post staff were not following travel policies and procedures by not signing their international travel authorizations. Signing the travel authorization documents the traveler's agreement with its provisions.

We recommend:

- I.2.1 That the administrative officer instruct post staff to sign their international travel authorizations and monitor compliance.

3. *The staff per diem for meals and incidental expenses was last reviewed in 2007.*

OFMH section 57.5 states that country directors “should establish rates . . . which reflect reasonable costs of travel.”

The staff's per diem rates for meals and incidental expenses (MIE) were last reviewed and modified in August 2007. Since then, costs in the country have increased rapidly.

An adequate per diem rate permits travelers to conduct their activities in an effective and professional manner.

We recommend:

- I.3.1 That the administrative officer review the staff per diem for meals and incidental expenses and adjust the amount if required.

4. *The per diem amount provided to Volunteers has not been reviewed since 2003.*

OFMH section 57.5 states that country directors “should establish rates . . . which reflect reasonable costs of travel.”

Post records and Volunteer interviews confirmed that the Volunteer per diem for MIE has not been reviewed and changed since 2003. In addition, Volunteers told us that their per diem for lodging in the capital, equivalent to US\$9, allows them to stay at only one acceptable hotel.

Both lodging and MIE per diems require review.

We recommend:

- I.4.1 That the administrative officer review the Volunteer per diems for lodging and for meals and incidental expenses and adjust the amounts if required.

5. *The post had outstanding travel advances from 2008.*

OFMH sections 55.5.3, 55.5.4, and 55.5.5 provide guidance on travel advances and require that they be processed and cleared in a timely manner.

The post's outstanding travel advances report showed open items totalling \$1,839.22, relating to fiscal years 2008 and 2009. We were told by the administrative assistant, who handles travel, that a number of these required action in headquarters in order to have them cleared.

We recommend:

- I.5.1 That the administrative officer review the listing of travel advances and, in conjunction with the administrative assistant, follow up as needed to clear them from the records.

J. PERSONNEL MANAGEMENT

1. *The post's time and attendance records and related control procedures were deficient.*

PCM sections 742.6.1 and 630.4.6 provide guidance in proper time and attendance procedure.

We found deficiencies in the post's biweekly timesheets, other time and attendance documents, and related procedures, as follows:

- Staff did not always submit their timesheets in a timely manner. For example, one staff member submitted timesheets for October 26, 2008 – January 3, 2009, on January 9, 2009, and another staff member submitted timesheets for the period June 8, 2008 – October 25, 2008 on October 31, 2008. Follow up by the timekeeper was inadequate.
- All timesheets did not reflect the actual hours worked but rather the office's standard hours.

- Staff did not always indicate leave hours taken. Some staff incorrectly showed normal hours worked for holidays such as Thanksgiving, Christmas, and New Year's Day.
- The official time and attendance records (maintained by the timekeeper on Form PC-57) did not always reflect the information on the timesheets and other documents. For example, the hours on the leave request form, rather than the actual hours on the timesheet, were posted by the timekeeper to the official records.
- Post management did not review the official time and attendance records on a regular periodic basis.
- Three official records showed negative leave balances at the end of the March 2008 contract year; that is, more leave taken than available.
- Post policy required that compensatory time for approved hours worked in excess of the regular post workweek (48 hours for drivers; 40 hours for the remainder of staff) be authorized in advance by supervisors. However, there was no post form for staff to comply with post policy.

The requirement for accurate time and attendance records makes their conscientious preparation and timely review essential.

We recommend:

- J.1.1 That the timekeeper ensure that the biweekly timesheets are submitted in a timely manner.
- J.1.2 That the timekeeper verify that the timesheets are prepared accurately and follow up to correct discrepancies.
- J.1.3 That the administrative officer instruct staff on the proper preparation of the timesheets.
- J.1.4 That the timekeeper ensure that the official time and attendance records reflect the actual hours worked and actual leave taken as indicated on the timesheets.
- J.1.5 That post management review the official time and attendance records on a regular periodic basis and document their review by signing and dating the records.

- J.1.6 That the administrative officer develop and implement a compensatory time authorization form and provide guidance to staff on when and how compensatory time may be requested.

K PROCUREMENT

1. The post did not have regional director approval for several residential leases

OFMH section 30.1 states: “Residential leases over \$20,000 per year must...receive Regional Director approval.”

The leases for the residences of the country director, administrative officer, and U.S. PCMO were over \$20,000 per year. However, the post did not have regional director approval for these leases in its files.

We recommend:

- K.1.1 That the post obtain regional director approval for its residential leases with an annual rent over \$20,000.

2. The post did not have the chief of mission’s authorization for a residential lease in U.S. dollars.

OFMH section 30.5 requires that residential leases in U.S. dollars have “the prior (written) approval of the Chief of Mission and Director, Global Accounts Payable.”

The lease for the residence of the programming and training officer was in U.S. dollars. However, chief of mission approval was not on file.

We recommend:

- K.2.1 That the post obtain approval from the chief of mission for residential leases in U.S. dollars.

3. The post did not maintain documentation to support annual lease payments.

PCM section 892.6.2 (a) states: “Peace Corps records shall be complete in order to facilitate action by an incumbent and his/her successor....”

The Office of Acquisitions and Contract Management, in a memo dated December 20, 2006, requested that the post document that annual lease payments were acceptable according to U.S. Embassy policy. The post executed the related lease effective January 1, 2007. However, it did not document in the lease file the acceptability of annual lease payments as requested.

We recommend:

K.3.1 That the post document in the lease file the acceptability of annual lease payments according to U.S. embassy policy.

4. *Personal services contractors signed procurement contracts, contrary to the Federal Acquisition Regulation and agency policy.*

The Federal Acquisition Regulation, subpart 7.500, states: “The purpose of this subpart is to prescribe policies and procedures to ensure that inherently governmental functions are not performed by contractors.” Subpart 7503(c)(12) delineates the following inherently governmental functions: “(iii) approving any contractual documents...” and “(iv) awarding contracts.”

PCM section 732 6.1.1 states: “Procurement authority may be exercised only by Peace Corps employees who have been delegated specific procurement authority, and only within the specific limits of their delegation of authority.”

PCM section 744.5.0 states: “Personal services contract [or]s may not be used for the performance of governmental functions including the following activities: Negotiation and execution on behalf of the United States for the procurement of supplies, equipment, and services....”

PSCs in the general services unit executed procurement contracts. The contracts were executed in the early part of fiscal year 2008 and were identified by the current administrative officer. One contract we reviewed was for the installation of power cable and a circuit breaker in the amount of 1,281,000 Tanzanian shillings (\$948.89).¹ Another was for cushioning and upholstery of sofas and chairs in the amount of 195,000 Tanzanian shillings (\$144.44). An additional contract was for replacement of a lock and glass in the amount of 150,000 Tanzanian shillings (\$111.11). The effect was that the post improperly committed the expenditure of operating funds, leading to the possibility of waste, fraud, and abuse.

¹ U.S. dollar equivalents of Tanzanian shillings at the rate of \$1 equals 1,350 Tanzanian shillings.

We recommend:

- K.4.1 That the country director ensure that only those employees with procurement authority execute procurement contracts.

L. PURCHASE CARD

1. The post's administrative unit did not maintain a purchase card.

PCM section 731.3.1 states: "It is the policy of the Peace Corps to use the Purchase Card to the maximum extent practicable in accordance with the guidance in this manual section."

The post's administrative unit has not had a purchase card since the last administrative officer in June 2008. As a result, the post may have been required to maintain more cash on hand than would otherwise be needed, and the post could have gained efficiencies by using the card.

We recommend:

- L.1.1 That the administrative officer request a purchase card for the administrative unit.

M. MEDICAL SUPPLIES

1. A PCMO maintained the medical supplies inventory database and performed the verifications.

PCM section 734.3.5 states: "The CD and PCMO share the responsibility to maintain effective control over medical supplies....Assurance that effective controls are in place is achieved through maintaining appropriate segregation of duties...."

In addition, the GAO Standards require that incompatible responsibilities be performed by different people.

A PCMO maintained the medical supplies inventory database and also performed the physical inventory verifications.

Segregation of duties requires that these functions be performed by different individuals.

We recommend:

- M.1.1 That the post assign different individuals to maintain the medical supplies inventory database and to perform the verifications.

2. *The PCMO did not conduct a complete physical inventory quarterly.*

PCM section 734.3.5.3 states: “Inventories of medical supplies must be completed on a quarterly basis.”

The PCMO told us that she conducted limited, periodic inventories rather than complete inventories. She stated that, in her opinion, rolling inventories resulted in better coverage. She told us that the post would implement quarterly physical inventories of medical supplies in March 2009.

We recommend:

- M.2.1 That the post conduct physical inventories of medical supplies quarterly in accordance with PCM section 734.

3. *Discrepancies existed between the medical supplies inventory and the related records.*

PCM section 734.3.5 states: “Assurance that effective controls are in place is achieved through...accurate record keeping....”

We noted discrepancies between the medical supplies on hand and the database maintained by the PCMO. For example, for one drug, the shelves had 125 units, but the inventory records showed 121. For another drug, the shelves had five units, but the records showed six. For a third drug, the shelves had two jars; however, the records showed one jar. In addition, the expiration date for one controlled substance was not recorded in the records. The PCMO told us that the discrepancies must have been oversights on her part.

Accuracy in the recording of medical supplies, and complete physical inventories in accordance with agency policy, are essential in detecting and preventing waste, fraud, and abuse.

We recommend:

- M.3.1 That the post conduct a complete physical inventory of medical supplies in accordance with PCM section 734 and update the inventory records accordingly.

QUESTIONED COSTS AND FUNDS TO BE PUT TO BETTER USE

We identified certain questioned costs and funds to be put to better use during the course of the audit. They are discussed in the accompanying audit report and enumerated below along with the recommendation number in the report. (Amounts are in U.S. dollars or U.S. dollar equivalents of Tanzanian shillings at the rate of \$1 equals 1,350 Tanzanian shillings.)

Questioned Costs

Recommendation number	Description	Amount
F.1.1	Obligations for fiscal year 2008 that may not be needed.	*
K.4.1	Procurement contracts executed by PSCs	1,204.44

* Amount not determined as of the audit completion date.

Funds to be Put to Better Use

Recommendation number	Description	Amount
E.1.1	Prompt billing and collection of personal phone calls made by staff.	592.38
I.5.1	Outstanding travel advances requiring follow-up and clearing.	1,839.22

POST STAFFING

At the time of our visit, the post had 30 staff positions: four U.S. direct hire employees, two foreign service nationals, and 24 personal services contractor positions. We interviewed 13 staff members, including the four U.S. direct hire employees and the two foreign service national employees. All staff interviewed told us that they very much enjoyed working at the Peace Corps. They stated that, in particular, they enjoyed assisting and interacting with the Volunteers. Some staff members raised concerns about their salaries and felt that these had not kept pace with rising costs in the country. Several staff told us they felt they needed additional training to more effectively perform their jobs.

Volunteers praised the new post management team, the program and training staffs, and the PCMOs for their availability and their demonstrated interest in the Volunteers' well-being and success. Volunteers also told us that they had received effective ongoing support from the administrative unit and commented on their helpful attitude.

PC/Tanzania Positions

Position	Status
Country Director	USDH
Executive Assistant (vacant)	PSC
Safety and Security Coordinator	PSC
Administrative Officer	USDH
Programming and Training Officer	USDH
APCD/Education	PSC
APCD/Environment	PSC
APCD/Health	PSC
PEPFAR Program Officer	PSC
Program Assistant/Education	PSC
Program Assistant/Health and Environment (vacant)	PSC
Training Manager	PSC
Permaculture Expert and Trainer (part-time)	PSC
Cashier	FSN
Financial Assistant	FSN
Administrative Assistant	PSC
Administrative Associate – PEPFAR	PSC
Volunteer Support Specialist	PSC
IT Specialist	PSC
General Services Officer (vacant)	PSC
General Services Assistant	PSC
Office Assistant	PSC
PCMO	USDH/PSC
PCMO	PSC
Medical Secretary	PSC
Driver/Dispatcher	PSC
Driver/Mechanic (2)	PSC
Driver/Mechanic – PEPFAR	PSC
Driver	PSC

LIST OF RECOMMENDATIONS

We recommend:

- A.1.1. That the country director strengthen the post's internal control environment, activities, and monitoring in a manner that will safeguard assets and prevent and detect waste, fraud, and abuse.
- A.1.2. That the country director describe the actions taken to achieve the control standards described in A.1 in a report to the regional director and the agency's chief compliance officer.
- B.1.1. That the post establish a file management system which ensures that key records and documents exist and are controlled.
- C.1.1. That the cashier be trained so that she may change the imprest fund safe combination.
- C.1.2. That the cashier change the imprest fund safe combination annually, when there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.
- C.2.1. That the post use locked boxes to hold its currency in the imprest fund safe.
- C.3.1. That the country director enforce the requirement to clear interim advances within three working days.
- C.3.2. That the verifying officer report uncleared interim advances on the "checklist for verifying officer."
- C.5.1. That the alternate cashier not perform imprest fund verifications.
- C.6.1. That the cashier stamp all processed receipts "paid" to prevent their reuse.
- C.7.1. That the financial assistant reconcile the monthly bank statements for the new EFT accounts for imprest fund replenishments and Volunteer allowances and that the administrative officer review the bank reconciliation and follow up outstanding or unusual items.
- C.8.1. That the post conduct an imprest fund analysis for the period beginning January 1, 2009, and determine if a reduction in the imprest fund accountability is possible given that replenishments are now made by electronic funds transfer.
- D.1.1. That the post conduct settling-in allowance surveys as required by agency policy.

- D.2.1. That the post conduct market basket surveys and use them in evaluating the results of the Volunteer living allowance surveys and determine whether the allowance is adequate to support Volunteer living needs.
- D.2.2. That the post conduct its market basket surveys in locations which are representative of where Volunteers live.
- D.3.1. That, in the future, the post correctly apply the 75% response rate policy for living allowance increases.
- D.4.1. That the post's living allowance surveys request the detail required by agency policy in order for the surveys to be valid.
- D.5.1. That the country director, in consultation with the region, review the components of the post's living allowance survey and determine their appropriateness.
- D.6.1. That, in the future, the post review its Volunteer living allowance survey results by program sector and size of community to determine if the living allowance should be stratified for these situations.
- D.7.1. That the post pay its Volunteer living allowances monthly or obtain an exception waiver from the Chief Financial Officer.
- D.8.1. That the post obtain and document regional director approval prior to providing temporary Volunteer living allowance increases.
- D.9.1. That the post execute memoranda of agreements with the banks handling Volunteer living allowances.
- E.1.1. That the post bill staff for personal phone charges within a timely period after receipt of the phone bills and diligently pursue delinquent collections.
- E.2.1. That the country director establish a minimum cost-effective amount for billing for personal calls made by staff on post phones.
- E.3.1. That the billings officer clearly state the nature of the billings on the bills of collection.
- F.1.1. That the administrative officer complete the review of the 2008 status of obligations report and deobligate items that are no longer required.
- F.1.2. That the administrative officer, in conjunction with the financial assistant, review the outstanding obligations at least quarterly and deobligate those no longer required.
- G.1.1. That the post segregate the responsibilities for database management and physical inventory-taking.

- G.2.1. That the post conduct a physical inventory of all computer equipment and ensure that the inventory database reflects the current status, location, and condition of the equipment.
- G.3.1. That the post dispose of the non-operating items in accordance with agency policy and remove them from the inventory records.
- G.4.1. That prior to beginning the physical inventory, the property officer compare the property inventory database against written documentation of changes and verify that all changes have been recorded.
- G.5.1. That the post issue custody receipts for property held in the residences of the U.S. direct hire staff and place the custody receipts in the administrative files.
- H.1.1. That all required staff members review, initial, and date the vehicle usage logs weekly.
- H.2.1. That the post reconcile the monthly billings for vehicle fuel purchases with purchase receipts and entries in the vehicle usage logs.
- H.3.1. That the post determine and clearly document why a commercial auction service is to be used for the sale of property.
- H.3.2. That the post determine and document that the maximum returns can be obtained through a commercial auction service before proceeding with this method.
- H.3.3. That the post follow the procedures and requirements for vehicle disposals as set out in the Vehicle Fleet Management Guide and clearly and completely document compliance.
- I.1.1. That the administrative officer enforce the five working day submission requirement for travel vouchers and monitor the staff's compliance.
- I.2.1. That the administrative officer instruct post staff to sign their international travel authorizations and monitor compliance.
- I.3.1. That the administrative officer review the staff per diem for meals and incidental expenses and adjust the amount if required.
- I.4.1. That the administrative officer review the Volunteer per diems for lodging and for meals and incidental expenses and adjust the amounts if required.
- I.5.1. That the administrative officer review the listing of travel advances and, in conjunction with the administrative assistant, follow up as needed to clear them from the records.

- J.1.1. That the timekeeper ensure that the biweekly timesheets are submitted in a timely manner.
- J.1.2. That the timekeeper verify that the timesheets are prepared accurately and follow up to correct discrepancies.
- J.1.3. That the administrative officer instruct staff on the proper preparation of the timesheets.
- J.1.4. That the timekeeper ensure that the official time and attendance records reflect the actual hours worked and actual leave taken as indicated on the timesheets.
- J.1.5. That post management review the official time and attendance records on a regular basis and document their review by signing and dating the records.
- J.1.6. That the administrative officer develop and implement a compensatory time authorization form and provide guidance to staff on when and how compensatory time may be requested.
- K.1.1. That the post obtain regional director approval for its residential leases with an annual rent over \$20,000.
- K.2.1. That the post obtain approval from the chief of mission for residential leases in U.S. dollars.
- K.3.1. That the post document in the lease files the acceptability of annual lease payments according to U.S. Embassy policy.
- K.4.1. That the country director ensure that only those employees with procurement authority execute procurement contracts.
- L.1.1. That the administrative officer request a purchase card for the administrative unit.
- M.1.1. That the post assign different individuals to maintain the medical supplies inventory database and to perform the verifications.
- M.2.1. That the post conduct physical inventories of medical supplies quarterly in accordance with PCM section 734.
- M.3.1. That the post conduct a complete physical inventory of medical supplies in accordance with PCM section 734 and update the inventory records accordingly.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective in auditing overseas posts is to determine whether the financial and administrative operations are functioning effectively and comply with Peace Corps policies and federal regulations. Our audit conclusions are based on information from three sources: (1) document and data analysis, (2) interviews, and (3) direct observation. Our audits are conducted in accordance with the government auditing standards prescribed by the Comptroller General of the United States.

The audit of Peace Corps/Tanzania covered fiscal years 2008 and 2009 through January 31, 2009. While at the post, we interviewed key staff including the country director, the administrative officer, the programming and training officer, the safety and security coordinator, staff responsible for administrative support, and the U.S. medical officer. We also interviewed nine Volunteers to obtain their views on the effectiveness of the post's administrative and financial systems in supporting them. At the end of our audit, we briefed the country director and administrative officer. At headquarters, we conducted a general briefing for regional staff.

We relied on computer-processed data from the post's accounting system. While we did not test the system's controls, we believe the information generated by the system and used by us was sufficiently reliable for our audit objective.

Our audit criteria were derived from the following sources: the Peace Corps Manual, the Overseas Financial Management Handbook, current Peace Corps initiatives and policies, and other federal regulations.

APPENDIX B

MANAGEMENT'S RESPONSE TO THE PRELIMINARY REPORT



DATE: November 20, 2009

TO: Kathy Buller, IG

FROM: Lynn Foden, Acting RD/AF

CC: Stacey Rhodes, Chief of Staff
Andrea Wojnar-Diagne, CD Tanzania
Nicola Cullen, CCO
Julie Bohn, CDO/CDU
Patrick Koster, CDA/CDU

SUBJECT: Africa Region's Response to the OIG Preliminary Report on the financial audit of Peace Corps/Tanzania

The following responses reflect the consensus of the Africa Region. Accompanying this report please find a binder, which provides supporting documentation regarding Region's concurrence. Please use the binder during your review in conjunction with this written response.

Responses to Recommendations

Recommendation A.1.1: That the country director strengthen the post's internal control environment, activities, and monitoring in a manner that will safeguard assets and prevent and detect waste, fraud, and abuse.

Response: Concur

The country director was actively involved in the implementation of corrective actions related to the recommendations in this audit report. When the recommendations the region concurs with have been fully implemented as evidenced by the recommendations being closed, post's internal control environment, activities, and monitoring will be compliant with agency requirements regarding the safeguarding of assets and the prevention and detection of waste, fraud, and abuse. Further, post is planning to use the AMCS in Q2 2010 to ensure that actions taken to improve the internal control environment are being followed and are having the desired impact.

Recommendation A.1.2: That the country director describe the actions taken to achieve the control standards described in A.1 in a report to the regional director and the agency's chief compliance officer.

Response: Concur

Response was provided in memo mentioned above.

Recommendation B.1.1: That the post establish a file management system which ensures the adequacy, control, and proper filing of key records and documents.

Response: Concur

Post has established a file management system which ensures adequate control and the proper systems have been established to secure records and documents.

Recommendation C.1.1: That the cashier be trained so that she may change the imprest fund safe combination.

Response: Concur

Christopher Johnson from the embassy ESO came to the Peace Corps office on August 4, 2009 to change the cashier safe combination and returned on September 1, 2009 to train post's cashier how to change her safe combo.

Recommendation C.1.2: That the cashier change the imprest fund safe combination annually, when there is a change in cashiers, or whenever the combination becomes known to a person other than the cashier.

Response: Concur

The cashier safe combination was changed by embassy ESO Christopher Johnson on August 4, 2009. Post cashier Margaret Kisavuli will continue to change the combination to the cashier safe annually or more frequently, as necessary.

Recommendation C.2.1: That the post use locked boxes to hold its currency in the imprest fund safe.

Response: Concur

The cashier is now housing her local currency in locked boxes inside the cashier safe.

Recommendation C.3.1: That the country director enforce the requirement to clear interim advances within three working days.

Response: Concur

The country director issued a memo to all staff on October 13, 2009 to emphasize the section of the OFMH and staff handbook that requires that all interim advances be cleared within three business days.

Recommendation C.3.2: That the verifying officer report uncleared interim advances on the "checklist for verifying officer."

Response: Concur

The verifying officer will confirm on the checklist for verifying officer if interim advances are cleared within the required three days. Post will continue to send the worksheet that details all outstanding interim advances listed on line 19 of the 365 report.

Recommendation C.5.1: That the alternate cashier not perform imprest fund verifications.

Response: Concur

Imprest fund reconciliations will only be conducted by the post's US direct hire staff.

Recommendation C.6.1: That the cashier stamp all processed receipts "paid" to prevent their reuse.

Response: Concur

The cashier stamps all vouchers as paid as required by regulations. Further the cashier SOW has been amended to include this important internal control.

Recommendation C.7.1: That the financial assistant reconcile the monthly bank statements for the new EFT accounts for imprest fund replenishments and Volunteer allowances and that the administrative officer review the bank reconciliation and follow up outstanding or unusual items.

Response: Concur

Post has created processes for the monthly bank statements to be reconciled. The financial assistant now has the ability to get online bank statements for the volunteer allowance bank statement and reconciles that account on a monthly basis for the administrative officer's review. The cashier has begun reconciling the cashier pass through account on a monthly basis for the administrative officer's review.

Recommendation C.8.1: That the post conduct an imprest fund analysis for the period beginning January 1, 2009, and determine if a reduction in the imprest fund accountability is possible given that replenishments are now made by electronic funds transfer.

Response: Concur

An imprest fund analysis was conducted in July 2009 which indicated that the imprest fund could be reduced. This was implemented in forpost during the week of July 22, 2009. For reasons of security the new imprest level has not been written in this response and has been redacted from the attached cable reducing the imprest fund.

Recommendation D.1.1: That the post conduct settling-in allowance surveys as required by agency policy.

Response: Concur

The post began a settling in allowance survey pursuant to agency policy detailed in PCM 221.4.2 with the training group that swore in on August 19, 2009. It is estimated that the survey will be completed by mid-October, 2009 and the analysis will be completed by January, 2010.

Recommendation D.2.1: That the post conduct market basket surveys and use them in evaluating the results of the Volunteer living allowance surveys, and determine whether the allowance is adequate to support Volunteer living needs.

Response: Concur

Post conducted market basket surveys in March 2009 in Njombe and Songea. The results of the staff market basket survey, along with the results of the volunteer survey, indicated that the then current allowance for non-Zanzibar volunteers was insufficient. With the Africa region's support the living allowance was increased by 15%.

Recommendation D.2.2: That the post conduct its market basket surveys in locations which are representative of where Volunteers live.

Response: Concur

Pursuant to PCM 221.5.7.2, post conducted market basket surveys in March 2009 in Njombe and Songea as areas representative of where volunteers live.

Recommendation D.3.1: That, in the future, the post correctly apply the 75% response rate policy for living allowance increases.

Response: Concur

The post anticipates that it will conduct a living allowance survey in early Q2 2010 (mid-January) which is after the COSing volunteers have left and the newest volunteers have been able to settle into their new routines. In the communications for that survey the post will correctly apply and communicate the 75% response rate policy to volunteers. The intended communication has been attached as documentation.

Recommendation D.4.1: That the post's living allowance surveys request the detail required by agency policy in order for the surveys to be valid.

Response: Concur

The post anticipates that it will conduct a living allowance survey in early Q2 2010 (mid-January) which is after the COSing volunteers have left and the newest volunteers have been able to settle into their new routines. The communications and survey forms will seek out the appropriate level of detail from volunteers during that next living allowance survey by using the software provided by OCFO. The intended form has been attached as documentation.

Recommendation D.5.1: That the country director, in consultation with the region, review the components of the post's living allowance survey and determine their appropriateness.

Response: Concur

On October 15, 2009 the country director wrote a memo to the acting Africa regional director detailing the living allowance categories. Concurrence was received from the regional director on October 15, 2009. The memo has been provided as supporting documentation.

Recommendation D.6.1: That, in the future, the post review its Volunteer living allowance survey results to determine if the living allowance should be stratified.

Response: Concur

Post's living allowance currently has three geographic stratifications for Zanzibar volunteers, Arusha town volunteers, and rural/other volunteers. Further, in June 2009, at the request of the volunteer advisory committee, post analyzed the most recent living allowance survey data and determined that there was not a statistically significant difference between volunteers in town settings and volunteers in village settings. Therefore no change was made and the post continues to have the three geographic stratifications. A copy of the VAC newsletter is attached to this response.

Recommendation D.7.1: That the post pay its Volunteer living allowances monthly or obtain an exception waiver from the Chief Financial Officer.

Response: Concur

In June, 2009 post began paying volunteer living allowances on a monthly basis. Attached is the first page of the June 2009 living allowance multiple payment listing that went to Citibank Tanzania to effect payment.

Recommendation D.8.1: That the post obtain and document regional director approval prior to providing temporary Volunteer living allowance increases.

Response: Concur

Post agrees that should a temporary increase be required in the future it will seek regional director approval pursuant to PCM 221.5.7.5.

Recommendation D.9.1: That the post execute memoranda of agreements with the banks handling Volunteer living allowances.

Response: Concur

Post's AO met with representatives of the National Bank of Commerce (NBC) and National Microfinance Bank (NMB), the two banks where volunteers have bank accounts. NBC suggested changes to the standard PCM 226 MOU template which

post incorporated and received a waiver from the Director of OGAP from the standard template. NMB reviewed the MOU template and indicated that they would not enter into an MOU with the Peace Corps. Post has received a waiver from the Director of OGAP to not have an MOU with NMB.

Recommendation E.1.1: That the post bill staff for personal phone charges within a timely period after receipt of the phone bills and diligently pursue delinquent collections.

Response: Concur

Post has clarified its internal procedures with regards to when bills of collection will be issued. A memo was issued to all staff on 15 October 2009 to clarify roles and responsibilities for the billing officer, the staff members, and consequences for not returning call sheets or paying bills of collection in a timely manner.

Recommendation E.2.1: That the country director establish a minimum cost-effective amount for billing for personal calls made by staff on post phones.

Response: Concur

The Country Director has established in a phone use policy dated 15 October 2009 that the post will not bill for items that are less than Tzs10,000 (circa US\$8.00).

Recommendation E.3.1: That the billings officer clearly state the nature of the billings on the bills of collection.

Response: Concur

Post has amended its staff handbook to clarify that staff should not accept nor pay bills of collection that do not clearly state the nature of the bill.

Recommendation F.1.1: That the administrative officer complete the review of the 2008 status of obligations report and de-obligate items that are no longer required.

Response: Concur

The administrative officer has reviewed the 2008 obligations and de-obligated the remaining obligations that could be. This is an activity that the financial assistant has been delegated and is reflected in his statement of work.

Recommendation F.1.2: That the administrative officer, in conjunction

with the financial assistant, review the outstanding obligations at least quarterly, and de-obligate those no longer required.

Response: Concur

The financial assistant's statement of work reflects that he has primary responsibility to recommend de-obligations to the administrative officer on a monthly basis to ensure that post funds are being effectively utilized.

Recommendation G.1.1: That the post segregate the responsibilities for database management and physical inventory-taking.

Response: Concur

The facilities manager serves as the property inventory database manager and does not have control over all aspects of inventory transactions. The administrative officer is the receiving officer on payments and the country director certifies all inventory counts. Current procedure (attached) is that the inventory database manager will conduct the physical inventory with at least one other staff person and that the country director takes steps necessary to give her the comfort that the physical inventory is accurate.

Recommendation G.2.1: That the post conduct a physical inventory of all computer equipment and ensure that the inventory database reflects the current status, location, and condition of the equipment.

Response: Concur

Post completed an inventory of all computer equipment on 9 September 2008 to ensure that the inventory database accurately reflects the current status, location, and condition of the equipment. The most recent IT Hardware asset register is attached as documentation.

Recommendation G.3.1: That the post dispose of the non-operating items in accordance with agency policy and remove them from the inventory records.

Response: Concur

Post has determined which property items are no longer working or necessary. Post intends to sell these items by silent public auction at its compound in or around November 2009.

Recommendation G.4.1: That prior to beginning the physical inventory, the property officer compare the property inventory database against written documentation of changes and verify that all changes have been recorded.

Response: Concur

Post is not maintaining a record of asset acquisitions and disposals in the AO's office. Before beginning a physical inventory the property officer will compare the inventory database against this record of acquisitions and disposals to ensure that these changes have been accurately reflected in the database.

Recommendation G.5.1: That the post issue custody receipts for property held in the residences of the U.S. direct hire staff and place the custody receipts in the administrative files.

Response: Concur

Post has completed an inventory of all property in its four residences during August 2009. The three USDH and one USPSC have signed a listing of what is in the their residence and agreed that they will return the items upon their departure from Peace Corps Tanzania in the same working order given normal wear and tear.

Recommendation H.1.1: That all required staff members review, initial, and date the vehicle usage logs weekly.

Response: Concur

The post now has procedures for vehicle usage logs to be removed from the vehicles on a weekly basis and reviewed by the dispatch, billing officer, and AO. These procedures also include a mechanism to track fuel consumption for each vehicle for purposes of arresting waste, fraud, and abuse, or fuel purchases and signals that a vehicle needs to be serviced.

Recommendation H.2.1: That the post reconcile the monthly billings for vehicle fuel purchases with purchase receipts and entries in the vehicle usage logs.

Response: Concur

The procedures referenced in response H.1.1 will allow post to quickly verify the validity of the monthly billing from post's fuel provider.

Recommendation H.3.1: That the post determine and document that the maximum returns can be obtained through a commercial auction service before proceeding with this method.

Response: Concur

At its most recent vehicle disposal, post placed its vehicles on auction with a scheduled embassy auction. The embassy is known for having a large number of bidders and for receiving good prices at its auctions. For this reason post felt that this was in the best interest of the Peace Corps. Post's current intention is to continue disposing of vehicles with the embassy whenever possible.

Recommendation H.3.2: That the post follow the procedures and requirements for vehicle disposals as set out in the Vehicle Fleet Management Guide and clearly and completely document compliance.

Response: Concur

As stated in the response to recommendation H.3.1 post followed the recommended disposal method at its most recent vehicle disposal.

Recommendation I.1.1: That the administrative officer enforce the five working day submission requirement for travel vouchers and monitor the staff's compliance.

Response: Concur

The country director issued a memo to all staff on 15 October 2009 to emphasize post's staff handbook saying that staff should clear interim travel advances within three business days of returning to the office.

The Administrative Officer and travel assistant receive a daily email from the cashier of all outstanding advances. The administrative officer will not approve further travel advances until all previous advances have been cleared and will follow up with staff that have advances outstanding more than three days.

Recommendation I.2.1: That the administrative officer instruct post staff to sign their international travel authorizations and monitor compliance.

Response: Concur

The Administrative Officer has issued a memo to all staff that they must sign their international travel authorizations and will not approve travel advances without a signed travel advance. The staff handbook has been amended to clarify this point.

Recommendation I.3.1: That the administrative officer review the staff per diem for meals and incidental expenses, and adjust the amount if required.

Response: Concur

Since 2007, when post's M&IE rate was established, the US Department of State has not changed its M&IE rate for travel outside of Dar es Salaam, which is comparable to the intent of Peace Corps' local per diem rate. Based on this analysis and feedback from NGOs which travel to the same areas where Peace Corps staff members travel, the current per diem level is sufficient. Post will continue to monitor the cost of travel and will make adjustments as necessary.

Recommendation I.4.1: That the administrative officer review the Volunteer per diems for lodging and for meals and incidental expenses, and adjust the amounts if required.

Response: Concur

The administrative officer was told by the volunteer advisory committee's chairperson that the current level of M&IE per diem is sufficient in both the capital and up country, the up country lodging rate is sufficient but the capital lodging rate was insufficient. Further, in June 2009 the administrative officer conducted a hotel survey in Dar es Salaam and determined that the lodging rate was insufficient. Consequently the lodging rate has been increased effective September 1, 2009.

Recommendation I.5.1: That the administrative officer review the listing of travel advances and, in conjunction with the administrative assistant, follow up as needed to clear them from the records.

Response: Concur

The administrative officer has worked with staff to clear all outstanding travel advances as of the end of July 2009 with the exception of one travel event, which was to begin in August 2009.

Recommendation J.1.1: That the timekeeper ensure that the biweekly timesheets are submitted in a timely manner.

Response: Concur

The staff handbook has been revised to clarify that time sheets must be submitted in a timely manner and, if they are not, the cashier/time keeper will not issue imprest advances to that staff person.

Recommendation J.1.2: That the timekeeper verify that the timesheets are prepared accurately and follow up to correct discrepancies.

Response: Concur

Post's staff handbook clarifies that supervisors are responsible for their staff's time and attendance records. However the timekeeper has been instructed to inform both the staff person and their supervisor of any discrepancies so that they may be rectified.

Recommendation J.1.3: That the administrative officer instruct staff on the proper preparation of the timesheets.

Response: Concur

Post's administrative officer conducted a training for all staff on the post's time and attendance policies and procedures as detailed in the staff handbook.

Recommendation J.1.4: That the timekeeper ensure that the official time and attendance records reflect the actual hours worked and actual leave taken as indicated on the timesheets.

Response: Concur

PCM 630's scope is limited to USDH and FSN staff, and PCM section 742's scope is limited to domestic staff while mentioning that overseas posts should follow embassy policy. Post currently follows Embassy Dar es Salaam practice in tracking

only standard office hours unless the staff members earns or uses compensatory time or takes leave.

Recommendation J.1.5: That post management review the official time and attendance records on a regular basis and document their review by signing and dating the records.

Response: Concur

Post management will review and sign their staff's PC57 reports every six months, certifying that the report is accurate.

Recommendation J.1.6: That the administrative officer develop and implement a compensatory time authorization form and provide guidance to staff on when and how compensatory time may be requested.

Response: Concur

Post has modified its leave request form so that compensatory time can be pre-approved by the supervisor. Further, the administrative officer has conducted a training for all staff on all time and attendance policies and procedures.

Recommendation K.1.1: That the post obtain regional director approval for its residential leases with an annual rent over \$20,000.

Response: Concur

Post has requested and received approval for all leases in excess of \$20,000 on April 16, 2009 from the acting Regional Director. A copy of that memo is attached as documentation.

Recommendation K.2.1: That the post obtain approval from the chief of mission for residential leases in U.S. dollars.

Response: Concur

Post has requested and received chief of mission concurrence to pay the PTO residence lease (1078 Masaki) to be denominated in USD. A copy of that email is attached as documentation.

Recommendation K.3.1: That the post document in the lease files the acceptability of annual lease payments according to U.S. Embassy policy.

Response: Concur

The office lease referenced in this report was written prior to the issuance of OACM's December 20, 2006 memo regarding annual lease payments and was accepted by the owner and Peace Corps country director on December 21, 2006. However, in going forward post concurs that if any leases with annual payments are negotiated it will document Chief of Mission concurrence of the payment terms.

Recommendation K.4.1: That the country director ensure that only those employees with procurement authority execute procurement contracts.

Response: Concur

The country director has issued a memo to all staff clarifying who may engage outside vendors to supply goods or services and incorporated this policy into the staff handbook.

Recommendation L.1.1: That the administrative officer request a purchase card for the administrative unit.

Response: Concur

Post has established that the cashier will be the primary purchase card holder and the administrative officer will be the back up card holder. Applications were lodged on August 17, 2009 and the cards were received in early October 2009.

Recommendation M.1.1: That the post assign different individuals to maintain the medical supplies inventory database and to perform the verifications.

Response: Concur

Post has designated an APC, MSIC, and IC pursuant to MS734. The attached documentation reflects the people currently holding these positions.

Recommendation M.2.1: That the post conduct physical inventories of medical supplies quarterly in accordance with PCM section 734.

Response: Concur

Post has initiated processes for physical inventories of medical supplies in accordance with PCM 734.

Recommendation M.3.1: That the post conduct a complete physical inventory of medical supplies in accordance with PCM section 734 and update the inventory records accordingly.

Response: Concur

Post conducted a physical inventory of medical supplies in July 2009 in accordance with PCM 734.

APPENDIX C

OIG COMMENTS

Management concurred with all 56 recommendations made in our report. As a result of management's response and supporting documentation, we closed 54 recommendations. We request additional documentation to close recommendations C.1.2 and D.1.1. These recommendations remain open pending confirmation from the chief compliance officer that the following has been received:

- For recommendation C.1.2: documentation that the cashier has changed the imprest fund safe combination as required by agency policy.
- For recommendation D.1.1: documentation that the post has completed its Volunteer settling-in survey and has analyzed the results.

In their response, management describes actions they are taking or intend to take to address the issues that prompted each of our recommendations. We wish to note that in closing recommendations, we are not certifying that they have taken these actions nor that we have reviewed their effect. Certifying compliance and verifying effectiveness are management's responsibilities. However, when it is warranted, we may conduct a follow-up review to confirm that action has been taken and to evaluate the impact.

AUDIT COMPLETION AND OIG CONTACT

AUDIT COMPLETION

The audit was performed by Senior Auditor Steve Kaffen.

OIG CONTACT

If you wish to comment on the quality or usefulness of this report to help us strengthen our product, please e-mail Gerald P. Montoya, Assistant Inspector General for Audit, at gmontoya@peacecorps.gov, or call him at 202.692.2907.

***REPORT FRAUD, WASTE, ABUSE,
AND MISMANAGEMENT***

Fraud, waste, abuse, and mismanagement in government affect everyone from Peace Corps Volunteers to agency employees to the general public. We actively solicit allegations of inefficient and wasteful practices, fraud, abuse, and mismanagement related to Peace Corps operations domestically or abroad. You can report allegations to us in several ways, and you may remain anonymous.

Mail:

**Peace Corps
Office of Inspector General
P.O. Box 57129
Washington, DC 20037-7129**

Phone:

**24-Hour Toll-Free: 800.233.5874
Washington Metro Area: 202.692.2915**

Fax:

202.692.2901

Email:

oig@peacecorps.gov

